
Glenn Sanada

**California Community Economic
Development Association**

Community Reinvestment Fund

CRF and the New Markets Tax Credit:

***One intermediary's approach to delivering capital
to communities in need***

**Presented to the Tools to Revitalize California Communities:
Housing and Economic Development Conference.**

**By Frank Altman, President/Chief Executive Officer
Oct. 17, 2003**



What is CRF?

- **A national financial services nonprofit based in Minneapolis**
- **Purpose: Provide capital to low- to moderate-income communities for development purposes**
- **Use secondary markets to create links between private capital sources and public funding needs**



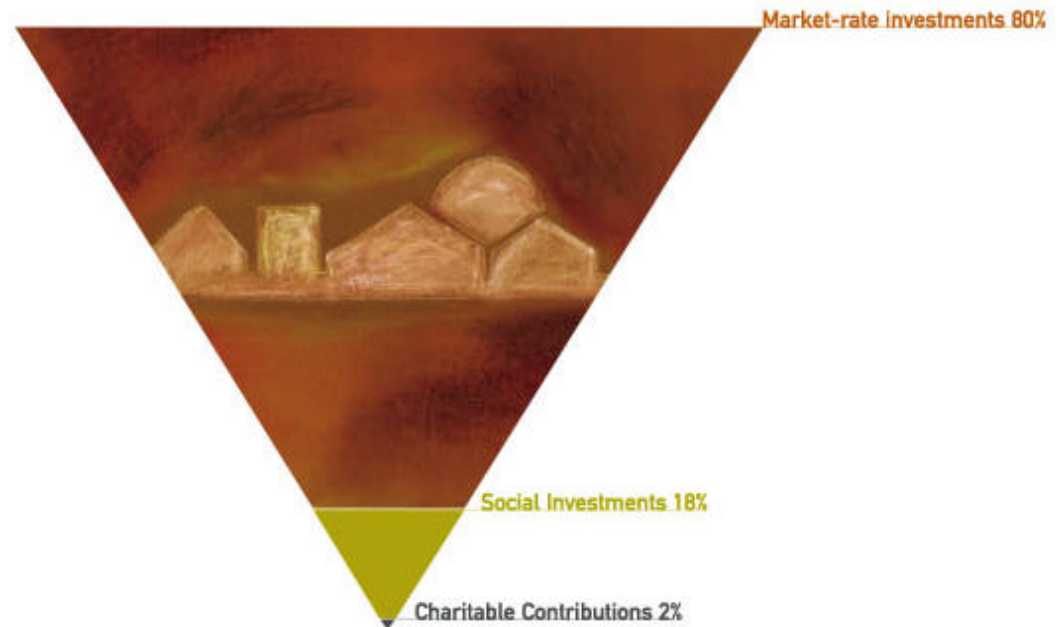
Diverse sources and needs

- **More than \$280 million in capital provided to 103 lenders in 24 states, District of Columbia**
 - **California is leading state benefited by CRF's work**
 - **Later will hear from one of our partners**
- **Debt securities bought by major banks, insurance companies**
 - **U.S. Bank, Wells Fargo, Washington Mutual**

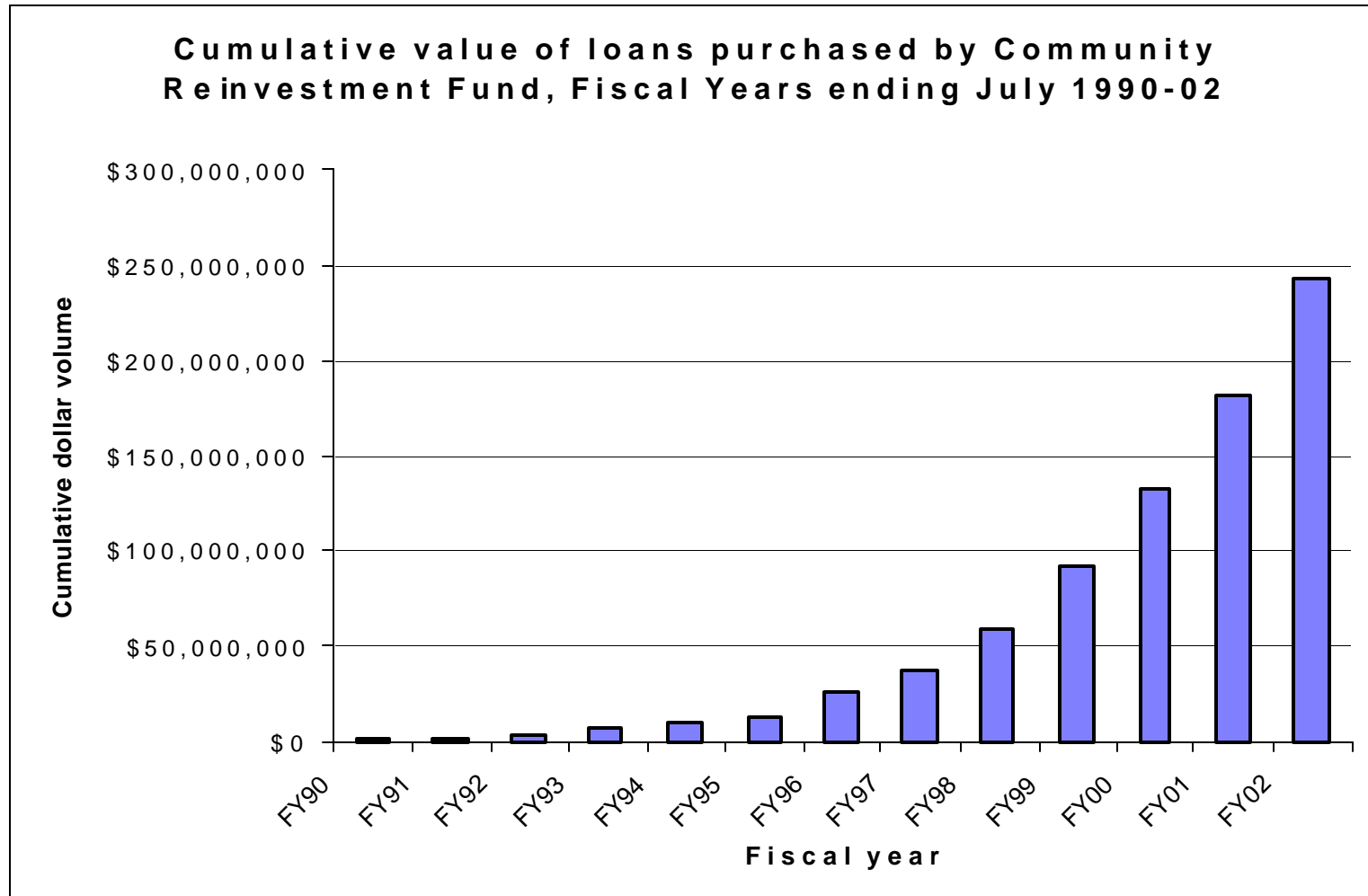


How CRF leverages funds

- **80% market-rate investments**
- **18% social-rate investments**
- **2% charitable contributions**
 - **Major foundation support from MacArthur, Ford, Fannie Mae**



The rapidly growing market for community development loans



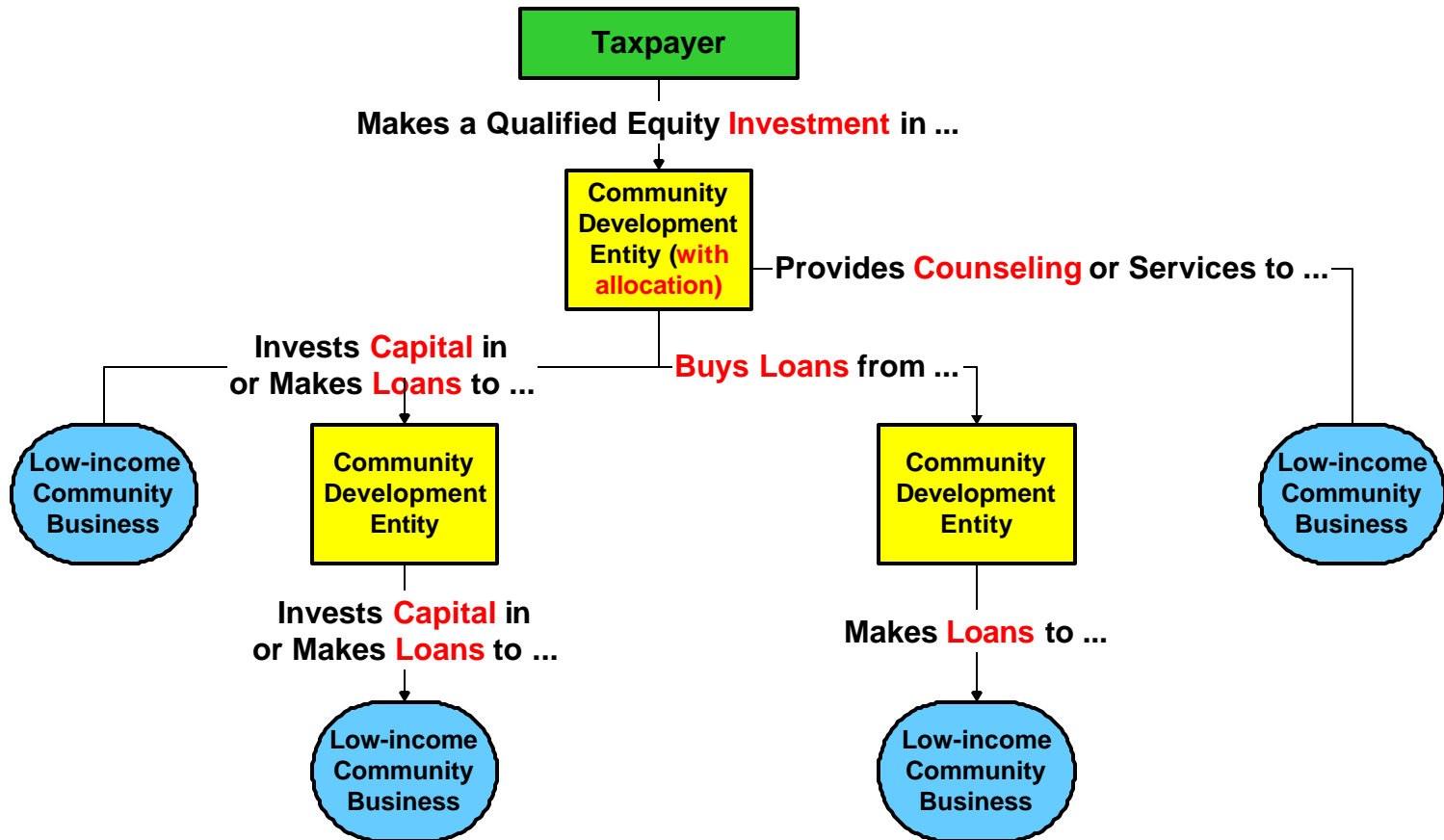
New Markets Tax Credit:

Another opportunity to grow field

- **Provides another tool to make investments in ED attractive**
- **Gives visibility to market for those previously unaware of its strengths**
- **Helps move industry to greater scale, thus overall more efficient**
- **CRF allocated \$162.5 million in credits – largest of any national organization**
- **Applied for second round allocation Sept. 30**



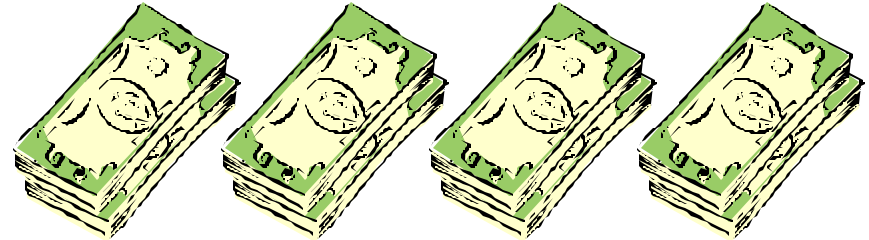
Many paths to take to get benefit to businesses



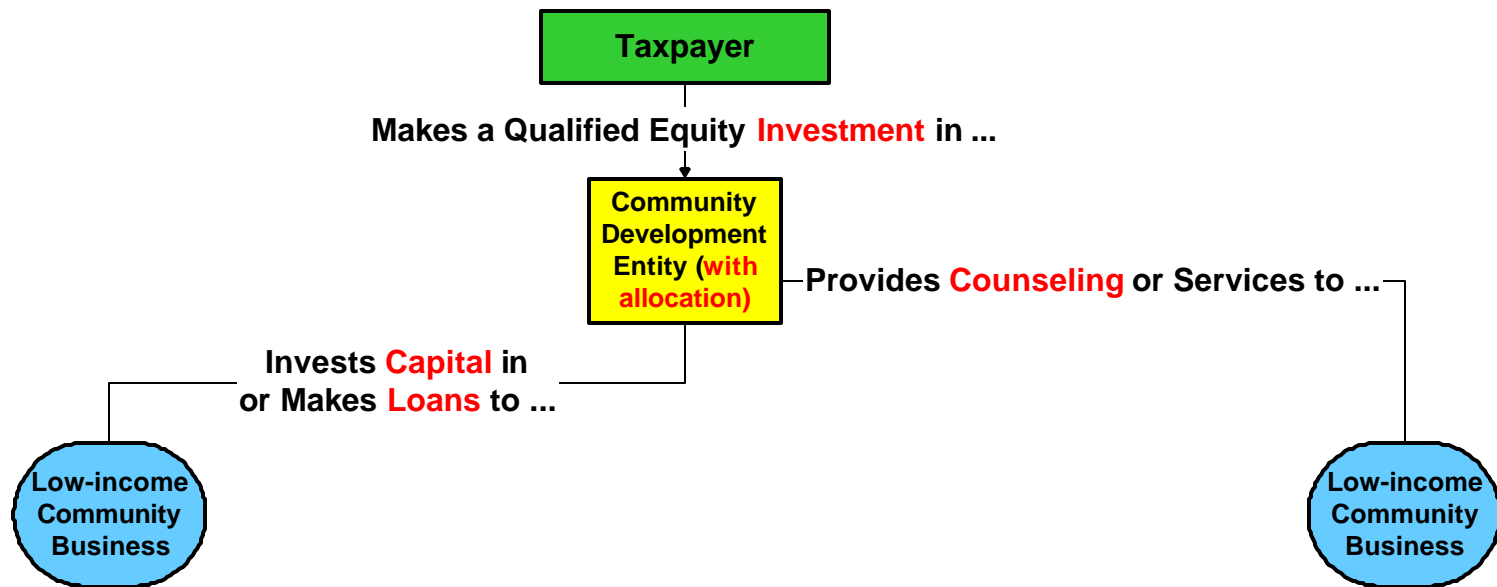
CRF's investment offerings

Four separate vehicles:

- **Affordable housing**
- **Economic development: non-New Markets**
- **New Markets: Small business finance unit**
- **New Markets: Larger commercial projects finance unit**



The “Go it Alone” approach

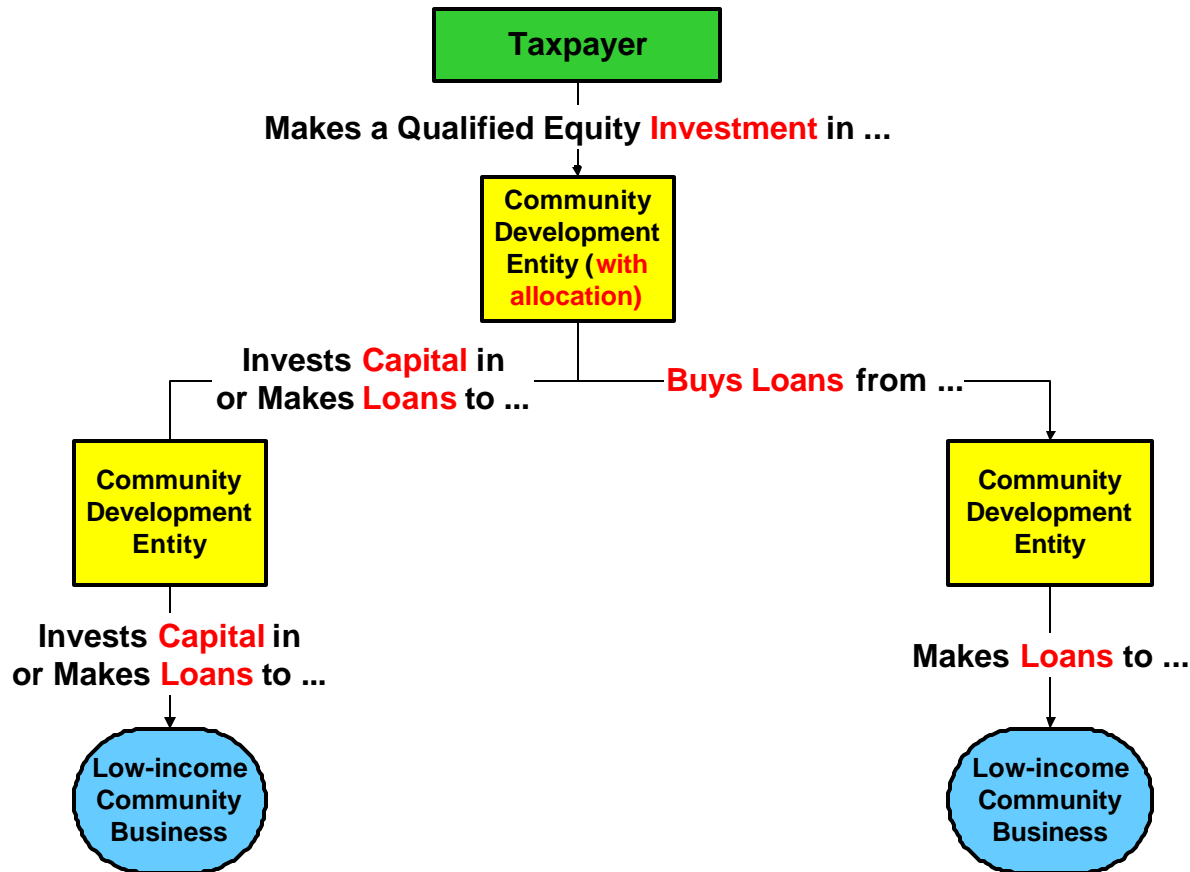


Go It Alone Issues

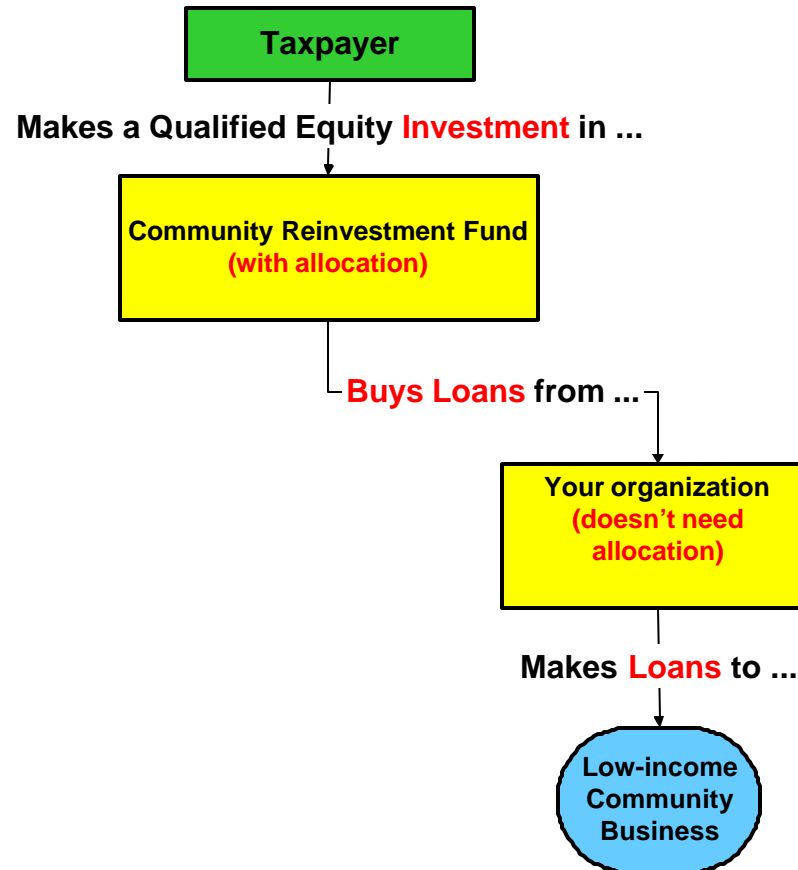
- Requires lender to form for-profit organization to receive allocation of tax credits from CDFI Fund
- Assumes that the lender lines up investors
- Requires lender to report use of credits to investors and IRS



The “Team Up” Approach



The Specific CRF “Team Up” Approach



Team Up Issues

- **Requires lender to become a CDE only**
- **For-profit not required on part of lender**
- **Investors not required on part of lender**
- **No reporting to IRS by lender**



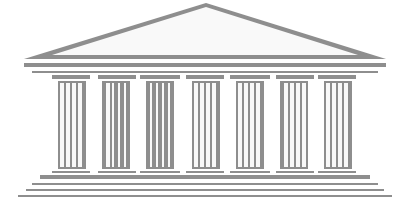
Possible to do both

- **Can use own allocation as well as team up with CRF**
 - Too late for this round to apply
- **Can work with us for larger deals, if capacity used up, to sell existing loans and re-qualify for NMTC**



For bank investors ...

- **NMTC investments can be both equity and debt with CRF**
- **Banks can designate areas to target and earn CRA credits for investment**
 - **Current bank investors earn such credit with CRF debt securities**

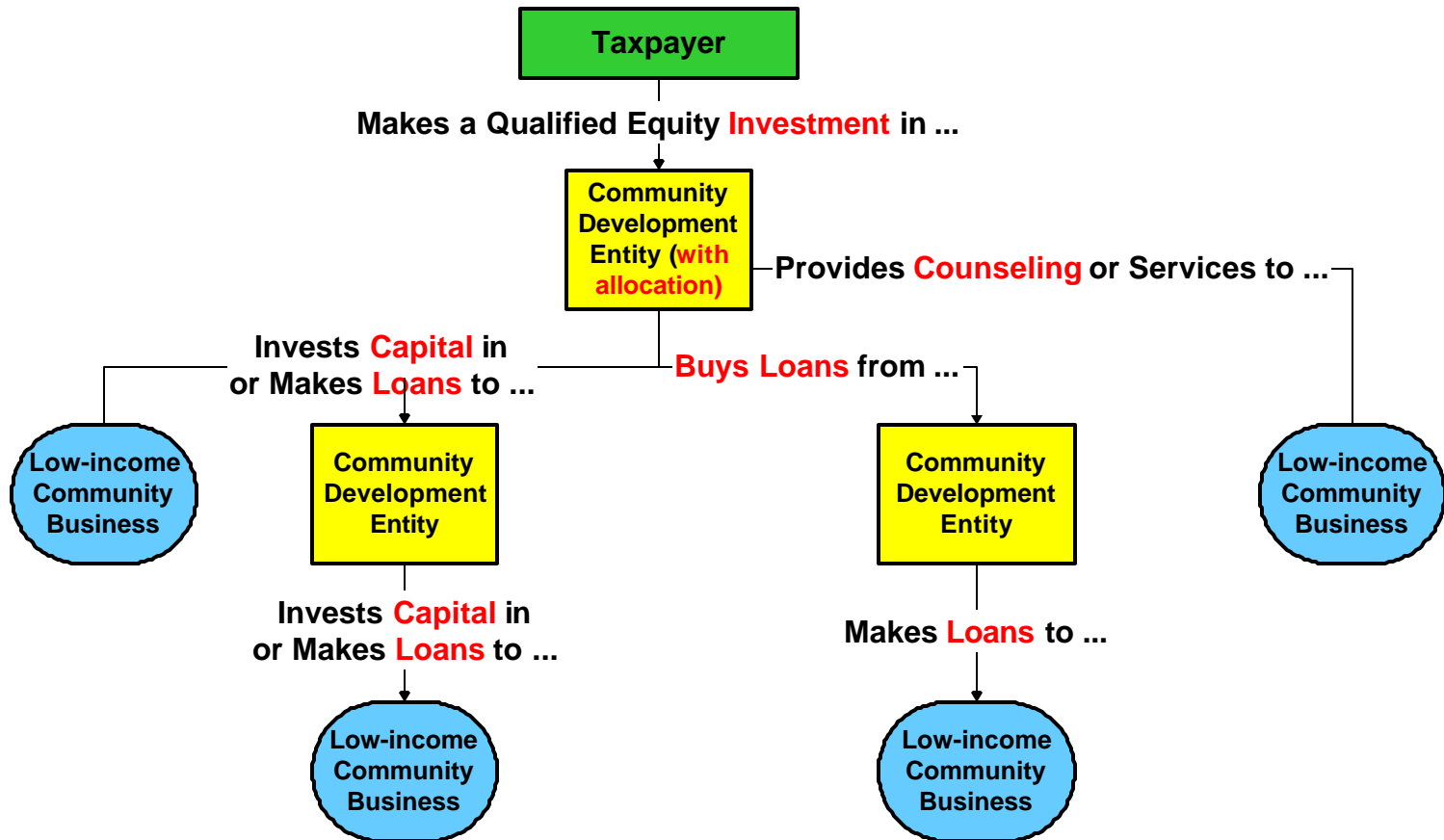


To follow progress of CRF and New Markets ...

- **Send e-mail to marketing@crfusa.com to get on newsletter list**
- **Read updates on Web site: www.crfusa.com**
- **Add your link to our Web site by contacting our marketing department**
- **Call anytime: 1-800-475-3050**



Many paths to take to get benefit to businesses



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Michael Banner

Los Angeles, LDC, Inc.



Alberto Alvarado

U.S. Small Business Administration

